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Food Business Line

- Periodic Press Translations

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Report Highlights: *Yoshinoya D&C Co.* started serving beef bowls again on September 18 after a 19-month hiatus because of the Japanese government's import ban on U.S. beef. A million bowls were served in just 10 hours until their beef supplies ran out. *Costco Wholesale Japan Inc.*, a membership-based U.S. general merchandize store, started selling imported U.S. beef products in August at its three outlets. Twelve major food manufacturers will develop a common database to provide food safety information on their products such as allergens and additives.

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Food Business Line

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Retail/Wholesale

- *SHOP 99 (99 Plus Co.)*, the 99 yen-products store, started selling supplements jointly developed with a pharmaceutical company at its 830 outlets nationwide. (b. 8/2)
- *Aeon Co., Ltd.* will contract with *Hokkaido Agricultural Laboratory for Business Development* to start a direct business with approximately 100 member vegetable farmers in Hokkaido. (b. 8/7)
- *Costco Wholesale Japan Inc.*, a membership-based U.S. general merchandize store, started selling imported U.S. beef products in August at its three outlets in the Kanto region. Meanwhile, other Japanese supermarket operators have no plans to immediately resume sales of U.S. beef, due to persistent concerns on safety among consumers. (a. 8/9)
- In August, the five supermarkets in the *CGC Japan Group* began selling U.S. beef, while other major supermarkets were still gauging consumers' attitude and competitors' actions. The CGC Japan Group said that sales results have far exceeded their expectation. During a planned two day promotion in one of the supermarkets, U.S. beef sold out in the first day. (f. 9/11)
- Supermarkets have begun expanding their imports of fresh vegetables in order to avoid relying solely on China. Imports from China have generally decreased after the positive list system was introduced. Japanese supermarkets will buy more from Egypt, Vietnam and Thailand. (a. 9/11)
- A major supermarket in the Hokkaido region, *Cowboy Co., Ltd.*, resumed sales of U.S. beef after September 14 at all eleven of its outlets. While the wholesale price of U.S. beef increased by approximately 15% the supermarket priced U.S. beef the same as beef from Australia and New Zealand. (b. 9/10)
- A major convenience store *Circle K Sunkus* announced its new concept store "Fork Talk" with freshly brewed coffee, bread and pasta that is baked right on the premises. The concept store's main focus will be woman customers. (g. 9/27)
- A number of convenience stores have started developing new products and new store layouts to attract more women to their stores. The number of women customers has declined in recent years at major convenience stores. *Lawson Inc.*, for example, will open new stores under the theme "support raising children." (a. 9/2)
- *Ninety-nine Plus Inc.*, the Shop 99 operator, will switch sozai (prepared meals) and bento (lunch box) to preservative and artificial color free starting in November. By the end of this year, the switch will have been made at 800 outlets. The company is trying to increase the number of female customers by 48% by the end of March 2007. (b. 9/29)
- The sales of Japan's top five supermarket chains exceeded the previous year's result in only eight months. The increase in prices of vegetables boosted total food sales, while the sale of clothing is also recovering. (b. 9/27)
- *Lawson Inc.* has entered into the pet food market. Their inaugural item is a snack for dogs. (f. 9/25)

Food Service

- According to Japan’s Home Meal Replacement Association’s market research, the size of the food service market in 2004 was 7.1897 trillion yen, an increase of 3.2 % compared to the previous year. The market surpassed 7 trillion yen for the first time in 2004. (f. 8/3)
- *B-R 31 Ice Cream Co., Ltd.* will boost demand during the traditionally quiet period between summer and Christmas by strengthening their Halloween campaign. Last year’s Halloween campaign resulted in an increase in sales in October by 14% compared to the same period in 2004. (b. 8/9)
- Food service chain companies have started to design and open smaller and simpler type outlets. The reason for this change is that space in the center of many metropolitan areas in Japan is expensive and hard to find. (a. 8/25)
- Yakiniku Korean barbecue chain *Zenshoku Co., Ltd.* resumed menus using U.S. beef at 57 outlets nationwide on August 29. (g. 8/30)
- *Yoshinoya D&C Co.* started serving beef bowls again on September 18 after a 19-month hiatus because of the Japanese government’s import ban on U.S. beef. All 1,000 beef bowl fast food restaurants started serving the dish at 11 a.m. on September 18. A million bowls were served in just 10 hours until their beef supplies ran out. September 18 was the only day that beef bowls were served in September. In October and November, a total of 1 million beef bowls will be served during the first five days of the month. From December onward, 360,000 beef bowl servings will be available every day. (b. 9/20)
- *Higa Industries*, operating *Domino’s Pizza* in Japan, recently started operating *Quiznos Sub* in Japan. The first outlet will be opened in Ginza, Tokyo, with a target of opening over 100 outlets within 5-7 years. (b. 9/10)
- *WDI Corporation*, a food service chain consisting of a wide variety of styles in food service offerings, will open the first Hawaii cuisine restaurant “Hano Hano Kitchen” in Tokyo. (b. 9/6)
- *Shidax Community Corp.*, a major Kaoke company and a subsidiary of *Shidax Corporation*, started displaying the origin for all food items based on the Ministry of Agriculture, Forestry and Fisheries (MAFF) guidelines for Place of Origin Labeling at Restaurants. (b. 9/27)
- The steak restaurant chain *Asakuma* will start selling U.S. beefsteak at their 32 outlets in November. Customers will be able to choose Aussie beef, Wagyu beef or U.S. beef from the menu. (b. 9/29)

Food Processing/New Products/Market Trends

- The boom in micro beer is over in Japan because of high prices and the fact that the novelty has worn off. Microbreweries, for example, have decreased from 264 in 1999 to 244 in 2004. (a. 8/2)
- Sales of American beef recently resumed in Japan. The Consumers Union of Japan conducted a mid-July survey targeting 24 major food industry companies. Out of the 21 companies that replied, only Gyudon beef bowl chain *Yoshinoya* replied that it would immediately use U.S. beef. (a. 8/12)
- Vinegar for drinking is popular in Japan. *Nippon Restaurant Enterprise* opened a healthy drink stand “Black Vinegar Bar” at JR stations in Tokyo serving vinegar base drinks, such as black vinegar & blood orange and black vinegar & soymilk. Some retail stores and supermarkets sell limited vinegar based drinks for consumers. (g. 8/20)

- *Snow Brands'* license brand Quaker oatmeal, that has never been particularly popular in Japan, has recently become a hit item in supermarkets because of the health food boom among Japanese consumers and its convenience and safety. (g. 8/12)
- Twelve major food manufacturers (*Ajinomoto Co., Inc., Q.P. Corporation, Nichirei Corporation, Nissui, Kagome Co., Ltd., Nichiro Corporation, Katokichi Co., Ltd., Mizkan Group Co., Ltd., The Nisshin Oilio Group Ltd., Nisshin Seifun Group, Inc., House Foods Corp, and Nitto Best Corporation*) will develop a common database to provide food safety information on allergens and additives. Retail, food service and wholesale companies will be able to confirm the safety information of 2,000-3,000 food items on the Internet. The manufacturers will seek the participation of 40 additional companies in an effort to build an industry-wide database. (a. 8/15)
- Four major food service wholesalers including *Toho Co., Ltd.* will participate in Finet, a database exchange service website established by major frozen food manufacturers to post information on allergens, additives and other food safety issues. (b. 8/25)
- *Nippon Meat Packers Inc.* will launch a new line of processed products using pork and poultry produced by the farms run by the company. In addition, *Nippon Meat Packers* will decrease imports of poultry and pork. The company is making these changes in response to Japanese consumers' concern about food safety. (a. 8/22)
- According to an announcement by *Japan's Ministry of Finance*, the total import of frozen vegetables in January through June 2006 was 414,017 tons, an increase of 9.8% compared to the same period the previous year. (f. 8/7)
- One of the major milk companies in Japan, *Morinaga Milk Industry Co., Ltd.*, will launch "Luc-san's Maple Pudding" using selected medium class maple syrup produced at Mr. Luc Bergeron's maple farm in Quebec, Canada. The demand for maple syrup has increased for manufacturing ice cream, coffee and confectionery items due to its health benefits and low calories. The import of maple syrup in 2005 increased by 40% over 2004. (g. 8/30)
- On August 24, *Japan Soy Milk Association* in collaboration with ten major soy milk manufacturers established a Soy Milk Promotion Committee to promote soy milk to consumers. (f. 8/31)
- Drinks using new tropical fruits such as Acai (*Euterpe, Palmae*) and Camucamu (*Myrciaria Dubia*) from South America are becoming popular among health conscious Japanese consumers because of the high concentration of Polyphenol and Vitamin C in these drinks. Other popular South American tropical fruits are Guava and Acerola, which contain Lycopin and Vitamin C. (a. 9/15)
- The wholesale prices for imported citrus in Japan have increased because of export controls imposed by South Africa, the poor harvest in California due to the intense summer heat in the state and the cold wave in Australia. (a. 9/14)
- *Sapporo Breweries Ltd.* started producing food items such as bread and soup using barley in collaboration with food manufacturing companies. This is in response to the barley boom among health conscious consumers. (g. 9/4)
- The price of walnuts imported from the United States is increasing. The retail price for walnuts has increased by 12% compared to that of the same period last year because of the short crop in the United States and the strong demand from bakeries reflecting the health boom among Japanese consumers. The import of shelled walnuts in the first half of this year was 4,844 tons, an increase of 14% compared to the same period last year. (a. 9/5)
- *Kirin Brewery Co., Ltd.* will establish a new health food processing and sales company with *Yakult Co., Ltd.* to strengthen the health food business. The subsidiary company *Kirin Well*

Foods will also be merged into the new company. Kirin expects annual sales to be 20 billion yen in three years. (a. 9/8)

- Nuts are becoming more popular in Japan. Even though prices have risen due to an increase in worldwide demand, wholesalers and processing companies are using more nuts because of their health attributes. (b. 9/4)

Food Safety/Consumer Awareness

- More food service chains and retail stores are displaying detailed information on the origin of vegetables and meats. (a. 9/2)
- There are more challenges for cloned livestock to be accepted by the Japanese market. According to *Japan's Ministry of Agriculture, Forestry and Fisheries*, 495 cows cloned from somatic cells were born in Japan as of March 2006. However, cloned cows have yet to be marketed in the country. (a. 9/21)
- According to the survey by *Kewpie Co., Ltd.*, men who eat out more than four times a week think that a balance diet is more important than price. In addition, more than 50% of females over 50 years of age replied that they eat enough vegetables. (b. 9/20)

ATO/Cooperator/Competitor Activities/Trade Shows

- *USA Rice Federation* held the “Sushi Master Contest” award ceremony on July 20. Professional cooks and chefs at restaurants and hotels participated in the competition using California “Koshihikari” and “Akitakomachi” brand rice. The purpose of this event was to introduce new cooking suggestions that appeal to the Japanese palate. (b. 8/7)
- The United States and Canada are strengthening their sales promotion of chilled pork. *USMEF* produced a TV program featuring nutrition, recipes and the quality assurance program of U.S. pork. *Canadian Pork International* will start a campaign using popular TV personalities. (b. 8/21)
- *The California Tomato Board* held a luncheon meeting with Japanese trade and media to announce its marketing strategy for the Japanese market. They explained that U.S. tomatoes have benefited from reasonable prices, safety and easy handling. (f. 8/24)
- *The Buy California Marketing Agreement (BCMA)* started a sales campaign using the image of Governor Arnold Schwarzenegger to promote the high quality, safety and variety of agricultural products from California. (f. 8/24)
- *The Wild Blueberry Association of North America* conducted the 3rd Wild Blueberry Recipe Contest inviting professional bakers, cooks and cooking school students. The award ceremony was held at the Canadian Embassy on October 2. (f. 8/24)
- *USMEF* held the “Resumption of American Beef Trade Seminar” in Tokyo on September 20. The U.S. trade association made a presentation on their strategy for regaining the trust among Japanese consumers as well as their trade support programs. (f. 9/4)
- *USMEF* held the consumer event “American Beef We Care Barbeque” in Yokohama on September 9. Around 40 people enjoyed barbequed U.S. beef. The event was part of *USMEF*'s “We Care” campaign to promote U.S. beef. (f. 9/18)
- Mr. Michael Conlon became the director of the *Agricultural Trade Office* of U.S. Embassy on August 10 replacing Mr. Mark Dries. (f. 9/18)

☞ Sources ☞

(a) The Japan Economic Newspaper

(b) The Nikkei Marketing Journal

- (c) The Japan Food Journal
- (e) The Japan Food News
- (g) Fuji Sankei Business I
- (i) Nihon Keizai Shimbun
- (d) The Beverage & Food News Commentary
- (f) The Food Industry News
- (h) Pan News

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